



Processing Issues and Electronic Solutions

**Small Business/Self Employed
CAS Submission Processing and
Taxpayer Education and Communications (TEC)**



Where to File Business Returns

Cincinnati SP Center

706/709 Series Estate & Gift Tax

730 Tax on Wagering

1041QFT Qualified Funeral Trust

2290 Heavy Highway Vehicle Use

2350 Extension of Time - 706/709

Ogden SP Center

990 Series Exempt Organizations

1120POL Political Organizations

4720 Excise Tax on Charities

5330 Initial Excise Tax – Empl Benefit Plans

8038 Series Tax Exempt Bonds

Both Cincinnati & Ogden

940 Employer's FUTA

941 Series Employer's Quarterly Federal Tax

943 Employer's Tax-Agricultural Employees

1065 U.S. Partnership

1120 Series U.S. Corporation



Form 2553 Election

- **Incorrect/late filing may cause a one-year delay to election to file as an 1120S corporation.**
- **Form 1120S submitted before the election is approved - IRS rejects the Form 1120S and requests Form 1120 from taxpayer**
- **In 2002, approximately 10% of the Forms 2553 were not timely received**



FTD Coupons & Payments

- **Handwritten or altered coupons cause 95% of the errors on FTD Coupons**
- **Payments reported on the return exceed credits on the account**
 - **Processing delayed - correspondence may be initiated to resolve**



Business Return Extensions

- **Duplicate Forms**
 - Multiple copies of extension forms - each must be reviewed to determine if it is a duplicate
 - Delays the correct processing of the extension and can lead to late filing penalties
- **Mass Extensions Submitted at Same Time**
 - Extensions for fiscal year taxpayers more likely to be delayed in processing
 - Fiscal year extensions should be filed separately



EIN/SSN & Name Mismatch

- **Returns filed with “Doing Business As” (DBA) instead of name used to establish EIN/SSN**
- **Processing delayed until discrepancy resolved**
- **If unable to determine the exact name, IRS may correspond to determine correct business name**



Missing Signatures/Forms/Schedules “Final” Returns

- **Incomplete returns**
 - IRS must request missing information to process return
- **Returns are marked “Final,” indicating the filing requirements should be deleted.**
 - Incorrectly identifying a return as final causes subsequent returns to process incorrectly
 - IRS must research the returns and/or correspond with the taxpayer to correct the account



Options for Resolving Issues

- **Electronic Filing and Paying**



- Expanded Opportunities to E-file Business Returns
- E-pay

- **Modernized E-File System**

- Standardization and Ease of Use
- New Software Format - Easy Integration
- New Features for Tax Professionals and Businesses



Today's E-Submission Options

- **Forms Available for E-File**
- **Ways to E-File**
 - **Third Party**
 - **Personal Computer**
 - **Telephone**
- **EFTPS and Electronic Payment Options**
- **What's In It For You?**



Future of E-Submissions

- **Faster Acknowledgement of Accepted Returns and Payments**
- **Real-time Processing**
- **On-Line Access to Filing History**
- **Standardized Formats and Error Conditions**
- **Additional Business Forms and Schedules**
 - **Forms 1120, 1120S, 990 in 2004**
- **Faster IRS Computers**

COMING SOON!!



E-Services

- **Transcripts Downloadable Via the Internet**
- **Disclosure Authorization On-line**
- **Electronic Account Resolution for Most Cases**
- **TIN Matching in Real-time**



Electronic Payment Options

- **Electronic Federal Tax Payment System (EFTPS)**
- **Integrated E-file and E-Pay**
- **Third-Party Payment**
- **Credit Card/Electronic Funds Withdrawal**